# Overview of Georgia Housing Tax Credit



## What is the Housing Credit?

- Largest producer of affordable housing in Georgia
- Serves over 100,000 households across Georgia
- Authorized in 2001 to
   leverage the federal Housing
   Tax Credit
- Highly accountable: privatesector risk with state oversight



### Who We Serve

- □ Critical housing for the Georgia's working families: teachers, police officers, grocery store staff
- Over 60,000 Seniors are currently able to age in place at home in Housing Credit properties
- Over 1,000 new apartment homes developed for rural Georgians each year
- Over 1,000 Housing Credit developments in 132
   counties across urban, suburban, and rural Georgia

### Leveraging Federal Funds

- □ Georgia Credit matches the highly successful and bipartisan federal Housing Tax Credit created under President Reagan in 1986
- Pay for Success program where tax dollars are only spent once housing developers deliver final product
- □ Foreclosures have occurred in less than 1% of all federal Housing Credit properties over the program's 30 year history

### How the Housing Credit Works:

- □ State Housing Finance Agency sets the rules (QAP)
- Developers compete to win award of credits
- Private investors enter into ownership partnership and provide equity to build housing
- □ Housing is built and rents must be affordable (typically 60% AMI) for at least 30 years
- Once housing is inhabited, then tax benefits begin to flow to the investor

# Columbia Brookside (Athens)

Awarded in three phases across 2012-2014, this development has transformed the prior Pauldoe public housing into 370 units of mix-income housing that serve both seniors and families in Athens





**Before** After

# Ashley Woods (Stockbridge)



# Hummingbird Pointe (Cedartown)

Awarded in 2009, this property serves 64 senior households in Polk County







# Ruthie Manor (Thomaston)



# Red Oak Village (Stockbridge)

Awarded in 2015, this property will be home to 60 seniors in Henry County





#### How are the rents determined for Georgia Tax Credit Properties?

Housing Credit units must be affordable to families earning 60% or less of the area median income, which is determined by HUD annually for each metropolitan area and county based on local economic factors. Rents are considered affordable if a family earning 60% of the area median income can pay their rent and utilities using no more than 30% of their income. For example, 60% AMI for one person in Lagrange is \$20,760. The rent for a one-bedroom tax credit units would be \$519. Rents may be lower than the maximum allowable tax credit rent but cannot be higher, and each property owner is required to have a third party market study analyze achievable rents before a property is funded and initial rents are set.

#### Does the rent vary with income?

No. As explained above, rents are set for each unit and not the tenant. Therefore, rents do not vary with the income of the tenant.

### Q&A

# If there are two low income complexes next to each other do the rents have to be the same?

If two properties are located in the same county, the same maximum rent limits would be applicable for each property. However, an owner may elect to charge less than the maximum allowable rent based on market considerations. Some Housing Credit properties may have additional restrictions if other funding sources are also used in the financing structure.

#### How does someone qualify for the low rent?

Tenants must be income eligible and, much like at a typical market rate development, the Property Manager screens all tenants for other standard property requirements.

### Q&A

### Is there a percentage of units that must be low income designated? Do they have to be identical to other full rent units?

A minimum of 40% of the units must be affordable to tenants making 60% of area median income. Affordable and market units must be substantially the same. Walking into a building or unit, you should not be able to identify which units are rent restricted and which are not.

### Could a person making \$150,000 per year live in a low income complex? Would their unit be market rate?

The Housing Credit program allows an initially qualified tenant to have a modest increase in income. Once a unit qualifies as a Housing Credit unit, the unit continues to qualify as such until the tenant's income exceeds 140% of the applicable income limit. For an urban county such as Fulton, this 140% limit would be \$49,728.\* For a rural county such as Elbert, the 140% limit would be \$37,128.\* Once a tenant is considered over income under this requirement, a market rate unit in the property would become restricted and the unit in which the over income tenant resides would be considered market.

# **Example Rents**

#### Atlanta

Unit Type	Subject Proposed	Common d Min	Commence of Many	Surveyed	Subject Rent
	Rents	Surveyed Min	Surveyed Max	Average	Advantage
1 BR @ 50%	\$511	\$529	\$999	\$760	49%
2 BR @ 50%	\$588	\$653	\$1,284	\$933	59%
3 BR @ 50%	\$648	\$681	\$1,290	\$956	48%
1 BR @ 60%	\$637	\$667	\$999	\$800	20%
2 BR @ 60%	\$740	\$820	\$1,284	\$1,003	36%
3 BR @ 60%	\$824	\$824	\$1,290	\$1,029	25%

#### Rural

Subject Development					Average Market Rent			
# _ Units _	# Bedrooms	# Baths	Size (SF)	Proposed Tenant Rent	Per Unit	Per SF	Advantage _	
4	One-Br.	1.0	750	\$269 (50%)	\$625	\$0.83	57.0%	
12	One-Br.	1.0	750	\$358 (60%)	\$625	\$0.83	42.7%	
10	Two-Br.	2.0	950	\$308 (50%)	\$730	\$0.77	57.8%	
38	Two-Br.	2.0	950	\$414 (60%)	\$730	\$0.77	43.3%	
4	Three-Br.	2.0	1,150	\$342 (50%)	\$810	\$0.70	57.8%	
12	Three-Br.	2.0	1,150	\$465 (60%)	\$810	\$0.70	42.6%	

